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SUBJECT: RUSSIA MAINTAINS POSITIVE ATMOSPHERE AT EU SUMMIT,
SURPRISES WITH CLIMATE OFFER, WTO COMMENTS

REF: A. STOCKHOLM 720

[1](#)B. MOSCOW 1424

Classified By: Econ MC Matthias Mitman for Reasons 1.4 (b/d)

Summary

[1](#)1. (C) Swedish diplomats in Moscow concluded that EU-Russia relations were "stuck on the major issues" at the November 18 EU-Russia Summit in Stockholm (ref A). However, they and European Commission (EC) contacts welcomed "surprise" positive GOR pronouncements on climate change and WTO accession, and noted a generally positive atmosphere at the summit. The major concrete deliverable -- the "early warning mechanism" on energy supply disruptions -- was concluded and announced two days prior. Our contacts said President Medvedev also made positive statements regarding the possibility of Russia "rejoining" the current Energy Charter Treaty (ECT). The Russian side expressed no concern about another gas crisis with Ukraine, which also surprised our EU colleagues. The proposed Partnership and Cooperation Agreement (PCA) made little headway in the summit, and will largely depend on Russian accession to the WTO and ratification of the ECT. In another welcome development, our contacts reported that Russia did not react to usual EU admonishments on human rights. Russia's positive tone at the summit appears to be further evidence of its desire to re-engage with western Europe and serves our interest in greater Russian integration with the global economy. End summary.

SUMMIT RESULTS

[1](#)2. (C) According to local EU contacts, climate change, the financial and economic crisis, energy, and bilateral relations were the main themes of a nearly 3-hour morning meeting of the November 18 EU-Russia Summit in Stockholm. The morning session was followed by a lunch at which European security, Afghanistan/Pakistan, and other international issues were discussed. Our contacts said there were "no major breakthroughs" at the Summit but all assessed the overall event as a success with a "positive atmosphere" and apparent Russian willingness to cooperate.

Climate Change --

13. (C) As reported in the press, President Medvedev announced in Stockholm that Russia is prepared to take on a target of a 20-25% reduction of emissions by 2020 from 1990 levels. While Medvedev apparently did not get into details, our contacts assume that this remains contingent on all other major emitters making serious reduction commitments (this conditionality has been expressed most recently by Medvedev's economic advisor to Dr. Holdren, and publicly by PM Putin in an appearance with Danish PM Rasmussen). A Swedish Embassy contact surmised that whether Russia keeps this commitment in Copenhagen or not, Medvedev's announcement gave Russia "a head start" on China, India, Brazil, and the U.S. on this issue.

14. (C) According to a contact at the Ministry of Economic Development (MED), the GOR had not yet held an interagency meeting to determine Russia's formal position for Copenhagen.

That said, Medvedev went to Stockholm with two options on climate change commitments that were acceptable to the relevant players in the interagency process -- the MFA, the Ministry of Natural Resources and Environment (MNRE)/Roshydromet, and MED. The two options were to announce a target of a 20-25% reduction by 2020 from 1990 levels (the option ultimately chosen), or a 30%-35% reduction on a cumulative basis between 2013 and 2020. Our contact said there was a possibility that one of these options could have been unveiled at APEC, but President Medvedev did not think the atmosphere in Singapore was ripe. With Minister Nabiullina (MED) and Minister Trutnev (MNRE) in Stockholm, it was easier for the President to make the decision to use the

MOSCOW 00002834 002 OF 004

"new" targets as a deliverable. A well-placed NGO contact who advises the GOR speculated that Trutnev, who may lead the GOR delegation to Copenhagen, wanted to start negotiations with a more serious number than the much derided 10-15% earlier-announced soft target. Our NGO contact said the delegation has 30% as its fall-back position already. In the meantime, with a 20-25% target, Russia is comfortably in line with the rest of Europe, and can even claim it is outpacing the U.S. (Note: Even a 25% reduction from 1990 represents a substantial increase from current emissions -- estimates of which range from 62-70% of 1990 levels. End note.)

15. (C) Our EC Delegation colleagues had heard hints that Medvedev might make an announcement on climate at Stockholm, but were pleasantly surprised with the figures (as were our Russian working level counterparts). They said, however, that the EU would continue to press for deeper reductions -- in the area of 40%. They will also want to see the details, particularly on whether Russia will insist on carrying over substantial unused emission allowances from the Kyoto period.

They hope that Medvedev will decide to lead the delegation to Copenhagen, with one contact using this as a plug for President Obama's attendance: "If President Obama goes, President Medvedev will go, and we'll make more progress." The EC Delegation's climate expert said, however, that they are aware of the possibility of backsliding, which they felt Russia did after the G-8 Summit in Aquila, when GOR officials said Russia should be held to a lower standard (50% reduction targets vice 80%) than other G-8 members.

WTO and Trade --

16. (C) Medvedev also surprised the press and our contacts with positive remarks with regard to Russia's WTO accession -- "whatever is the fastest route, we will take it." Although his comment garnered much attention in the media, Medvedev did not say that Russia would drop the idea of joining the WTO in conjunction with its proposed customs union partners, Belarus and Kazakhstan. According to our EU contacts, Medvedev assured the EU that WTO accession "is a priority" for Russia. He also said during the meeting that Russia would remove temporary "anti-crisis measures" (read protectionist measures) "when the time is right." While our

EU contacts again welcomed the positive tone, they called Medvedev's comments "nothing new" and did not expect speedy movement by Russia on WTO accession.

Energy --

17. (C) The major concrete deliverable of the summit was in fact concluded and announced two days prior, when Energy Minister Shmatko and Energy Commission Piebalgs signed an MOU on an "early warning mechanism" related to energy supply disruptions between Russia and the EU. The non-binding MOU calls for the two sides to inform each other of a disruption or a threat of disruption in the supply of oil, gas, or electricity. It also calls for consultations in case of differing assessments of the disruption, and for monitors to be deployed to provide independent assessments of the situation.

18. (C) According to an EC contact involved in the MOU negotiations, the Russian side "gave in" on several issues that the EU was not prepared to accept. He said the Russians wanted (but did not get) endorsement of the proposed South Stream gas pipeline, guarantees by the EU of payment by EU customers for minimum gas deliveries under take-or-pay contracts, and guarantees of long-term gas contracts. (Note: South Stream, take-or-pay clauses, and long-term contracts are all under pressure from a gas glut and competing gas supplies that are only expected to grow in the coming years. End note.) According to this contact, the two sides then had an even more difficult negotiation over the "progress report" of the EU-Russia energy dialogue, with Russia wanting to include in that report the items it could not get in the early warning MOU. Our contact said that although Russia had long told the EU that Ukraine and President Medvedev's proposal on a new international legal framework on energy would be highlighted during the energy dialogue, the issues were barely raised at all. In fact, the Russian side assured

MOSCOW 00002834 003 OF 004

the EU that "everything is going smoothly" with Ukraine and that there would be no disruptions this winter.

19. (C) According to a Swedish Embassy readout of the summit, Medvedev was similarly unconcerned about Ukraine. He did raise, however, the issue of the international legal framework on energy. When the EU responded that it is satisfied with the current Energy Charter Treaty (ECT), Medvedev (again surprisingly) suggested Russia may be willing to accept the ECT "if producers' interests" are taken into greater consideration. In addition, Medvedev, noting parallel "Energy Dialogues" between the EU and U.S., the EU and Russia, and the U.S. and Russia, suggested a trilateral Energy Dialogue. The idea apparently went nowhere -- "We just let it pass," our contact said.

PCA, Cross-Border Cooperation, Visas, and Other Bilateral Issues --

110. (C) According to the Swedish Embassy in Moscow, no breakthrough was made on a new Partnership and Cooperation Agreement (PCA) which, according to our EU contacts, will be difficult to move forward without clarity on Russian WTO accession and without Russian ratification of the ECT. However, there were advances on several other bilateral issues, including long-pending cross-border cooperation agreements (CBCAs) that allow for joint development projects in border regions. Russia agreed to provide financing for five of seven joint CBCAs. Both sides also agreed to restart expert-level talks on emergency management, suspended since 2003. President Medvedev reportedly agreed to EC President Jose Manuel Barroso's new, but undefined, initiative on modernization, which our EU contacts noted fit well with Medvedev's recent public calls to modernize the Russian economy.

111. (C) The GOR pushed hard for visa liberalization, but the

EU countered that Russia would need to do more on registration and on illegal migration before it would be in a position to discuss lifting visa requirements. A Swedish Embassy contact said that several influential EU members are strictly opposed to visa liberalization and the issue is thus unlikely to advance anytime soon. However, the EU offered to look at ways to enhance the existing visa facilitation agreement during upcoming negotiations in December. Swedish diplomats told us that there was little discussion on how the EU-Russia relationship would change following the Lisbon Treaty's December 1 entry into force.

Security, AfPak, Iran, Bosnia --

¶12. (C) Over lunch, both sides discussed a full agenda of international issues, including European security, Afghanistan-Pakistan, Iran, South Caucasus, and Bosnia. Swedish diplomats told us Medvedev shared nothing substantive and provided no documentation on his concept of a new European security treaty. Regarding Afghanistan, Medvedev focused on the challenge of narcotics and called for greater cooperation in combating drug trafficking, while on Pakistan he pushed for more efforts at non-proliferation. Medvedev also "did not close the door on sanctions against Iran," and reportedly said that sanctions would only be a worst-case option. Russian FM Lavrov had requested the inclusion of the Western Balkans on the agenda, but focused exclusively on Bosnia. Lavrov said that there was broad agreement for the transition of the Office of the High Representative and the need for Bosnia and Herzegovina to "stand on its own" -- made more necessary with its seat on the UN Security Council. Our Swedish colleagues commented that Lavrov was not harsh in his treatment of the EU-U.S. Butmir package, but he made it clear that Russia resented not being included. Neither side raised Kosovo.

Human Rights --

¶13. (C) On the issue of human rights, a Swedish Embassy contact told us that Russia displayed impressive restraint against the expected EU admonishments. He took it as a sign of Russia's interest in maintaining a positive atmosphere that Russia did not resort to its usual retorts on human

MOSCOW 00002834 004 OF 004

rights and merely listened to the EU's concerns without significant response.

COMMENT

¶14. (C) While the summit resulted in no major binding commitments or agreements, it was a welcome milestone in helping the two sides overcome a difficult period following the Georgia war and the 2009 gas crisis. It contrasted with the last EU-Russia summit in Khabarovsk, Russia, where the parties used the event as an opportunity to snipe at one another over energy, Ukraine, and Georgia (ref B). Both sides seem to appreciate that neither can afford Russian isolation. The positive atmosphere of the summit, positive "surprises" from the Russians on climate change and trade, and a general willingness to cooperate, should help Russia improve its standing in Europe. Medvedev's rhetoric indicates he values Russian integration into the global economy, which should position Russia well for the EU's transformation following the Lisbon Treaty's entry into force. Beyrle